

HOUSE BILL REPORT

ESHB 1053

As Passed House:

January 29, 2003

Title: An act relating to government accountability.

Brief Description: Enhancing government accountability.

Sponsors: By House Committee on State Government (originally sponsored by Representatives Miloscia, Armstrong, Haigh, Simpson, Schoesler, Quall, O'Brien, Kirby, Cox, Eickmeyer, Berkey, McCoy, Ruderman, Hatfield, Sullivan, Morris, Linville, Ahern, Veloria, Bush, Conway, Dickerson, Lovick, Fromhold, Dunshee, Gombosky, Kenney, Kagi, Schual-Berke and Campbell).

Brief History:

Committee Activity:

State Government: 1/21/03, 1/23/03 [DPS].

Floor Activity:

Passed House: 1/29/03, 97-0.

Brief Summary of Engrossed Substitute Bill

- Establishes the Citizen Oversight Board to develop and implement an annual assessment and performance grading program for state agencies; and to work with the State Auditor in developing a work plan for conducting performance audits of state agencies.

HOUSE COMMITTEE ON STATE GOVERNMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Haigh, Chair; Miloscia, Vice Chair; Armstrong, Ranking Minority Member; Shabro, Assistant Ranking Minority Member; Hunt, McDermott, Nixon, Tom and Wallace.

Staff: Marsha Reilly (786-7135).

Background:

A number of programs have been instituted to improve government efficiency and

accountability.

Legislation was enacted in 1996 establishing a performance based budgeting system for state agencies. Agencies are expected to: (a) establish mission statements and set goals; (b) develop strategies to achieve goals; (c) set outcome based objectives; (d) provide continuous self-assessment of each program; (e) link budget proposals with their mission statements and goals; and (f) objectively determine the success in achieving goals.

The Governor issued Executive Order 97-03 in 1997 requiring all state agencies to develop and implement programs to improve the quality, efficiency, and effectiveness of public services they provide using quality improvement, business process redesign, employee involvement, and other quality improvement techniques.

The Executive Order 97-02 established a rules review process for state agencies to periodically review their rules to determine if the rules should be retained, modified, or repealed.

The Productivity Board was established to administer the employee suggestion program and the teamwork incentive program. State agencies are authorized to make employee recognition awards.

The Joint Legislative Audit and Review Committee (JLARC) conducts performance audits. The State Auditor conducts performance audits if the Legislature appropriates moneys for specific performance audits in the state budget or at the direction of JLARC.

Summary of Engrossed Substitute Bill:

The Citizen Oversight Board (Board) is established. The Board will consist of seven members. Five members of the Board will be citizens who have a basic understanding of state government operations and who have knowledge and expertise in performance management, quality management, strategic planning, performance assessments, or a closely related field. The chair of the JLARC and the State Auditor will serve as a nonvoting members .

Citizen members of the Board are selected as follows. The Governor shall appoint one member. Four members are selected among four lists of three names each submitted by each major caucus of the House of Representatives and the Senate. The Governor will select one name from each list submitted by each caucus.

Members serve terms of four years and may be reappointed. The JLARC will staff the Board.

The Board will establish a program for an annual assessment and performance grading of

state agencies and will consult with and seek input from elected officials, state employees, and professionals in performance management in establishing the grading standards. The Board will contract or partner with qualified public or private entities to conduct the annual assessments and performance grading. A contractor may be selected to conduct the entire assessment, or different contractors may be selected for each assessment area.

Results of the assessment and grading program will be submitted to the Governor, the Office of Financial Management, appropriate legislative committees and the public by December 15 of each year. Results also will be posted on the internet.

The Board and the State Auditor will work together on performance audits of state government. The Board will establish the criteria for the performance audits based on generally accepted government auditing standards, as well as legislative mandates and performance objectives already established by agencies.

Once audit criteria are established, the Board and the State Auditor will complete a statewide performance review in preparation for a draft work plan. Input from citizens, state employees, state managers, the JLARC, public officials, and others will be sought. Agencies, programs, or systems identified for audit may be included in the work plan. The Board and the State Auditor will determine a time line for performance audits based on factors such as risk, importance, and citizen concerns. Audits will be designed to be completed within a period of six months.

Before the final work plan is adopted, the Board will consult with the Legislative Auditor and other appropriate oversight and audit entities in order to coordinate work plans and avoid duplication of planned performance audits. The Board will defer to the JLARC if a similar audit is included on both work plans. The performance audits will be contracted out by the State Auditor.

The audit report will include the objectives, scope, and methodology of the audit; the results, including findings and recommendations; conclusions; and identification of best practices. It may also include an overall grade based on a grading system jointly developed by the Board and the State Auditor.

Final audit reports will be submitted to the Board by the State Auditor and jointly released by the Board and the State Auditor to the citizens of Washington, the Governor, and the appropriate legislative committees. Final audit reports will be posted on the internet.

The State Auditor is authorized to conduct performance audits as outlined in the Act. The JLARC will contract for a sunset review of the Board in 2010.

Appropriation: None.

Fiscal Note: Requested on substitute bill on January 23, 2003.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: (In support) The bill will help restore trust in government. It will cost about \$2.5 million, but should save the government money in the long run. The concept of performance audits is essential to good government. The State Auditor, an independently elected official that reports directly to the public, would provide independence. The Office of the State Auditor welcomes the opportunity for an unbiased review of audit programs and to work toward a more efficient and effective government. However, the definition of state agency is too broad.

(In support with concerns) Community college boards of trustees are among the most unaccountable public officials in government. There is a need for this bill but care must be taken that it does not evolve into the micro-management of agencies. A suggestion might be to issue policies and directives rather than assisting agencies in developing guidelines. A sunset provision is recommended.

The State Auditor can conduct audits and report directly to the Legislature rather than the Governor. This would eliminate the need to establish a new board.

Testimony Against: None.

(With concerns) There is concern about establishing a new and separate board to coordinate performance audits of agency programs. It is the Joint Legislative Audit and Review Committee's responsibility to review legislatively authorized programs to ensure that they are effective. A separate board creates the potential for two entities to develop different audit criteria to which an agency would have to respond. There is also concern about the cost of implementing the bill.

There is further concern that qualifications for selection of board members, as outlined in the bill, limit the diversity of the board.

Testified: (In support) Representative Miloscia, prime sponsor; Brian Sonntag, Washington State Auditor; Dennis Eagle, Washington Federation of State Employees; and Kristen Sawin, Association of Washington Business.

(In support with concerns) Richard Davis, Washington Federation of Teachers; and Rob Kavanaugh.

(With concerns) Mary Campbell, Governor's Office; Don Griffith, Department of Transportation; Nina Carter, Audubon Washington; and Bruce Wishart, People for Puget

Sound.